The work is held up due to non closure of road passing through the area of proposed extension.

Losses to airlines due to increase in Fuel Cost

935. SHRI VIJAY J. DARDA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the latest increase in the fuel prices has appreciably increased the running cost of Indian Airlines;

(b) whether this increase in fuel cost has resulted in losses to the airlines; and

(c) if so, what steps are being taken by Government' to remove these losses and to improve the financial health of the Indian Airlines?

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV): (a) and (b) Yes, Sir. the Revenue and Expenditure Budget of the Company for the year 2000-01 prepared and approved in December, 1999, projected a net profit of Rs. 28.75 crores, assuming to material change in capacity, input prices and fares.

Subsequent to the approval of the Budget in December, 1999, there was steep rise in Aviation Turbine Fuel (ATF) price by 18.4% effective 23rd March, 2000 followed by increase of 25% effective 30th September, 2000. The increase in ATF price put additional burden of over Rs. 225 crores per annum on the Company. This coupled with other increases in input costs such as Landing and Navigational charges. Sales Tax on ATF, Security expenditure, Insurance premium, Rate of foreign exchange etc. escalated the cost of operation by over Rs. 300 crore for 2000-01.

Despite these increases in cost, the Company had been able to contain the loss at a figure of Rs. 177.25 crores as per the Revised Budget Estimates for 2000-01.

(c) The following steps have been taken to contain these losses and to improve the financial health of Indian Airlines.

(i) The ATF prices in India have been deregulated by the Government from April, 2001. This has brought reduction in ATF rates and consequently, savings are expected in the ATF cost.

(ii) The Company has recently embarked upon the policy of flexible fares on its domestic network w.e.f. 25th May, 2001. The flexi-fares are expected to improve revenue earnings of the Company by way of higher capacity utilisation and better yeilds.

(iii) Indian .Airlines has taken various other steps to further improve its financial and operating performance which, *inter-alia* include the following:—

* Strict Budgetary Control with all the major items of expenditure are subject to cost benefit analysis, operational and commercial expediency, financial sanctions etc.

*Bcttcr Fleet Utilisation; Improvement in the productivity of Pilots, Aircraft Engineers, Minimizing the ground turn round time, Night flight on certain domestic sectors, Increased International operations, Better scheduling of aircraft and route planning, Capacity deployment alignment with market requirements etc.

* Improvement in the quality of product; Improvement in On-time performance, general improvement and upgradation of services to the users etc.

* Marketing initiatives; code sharing with the foreign airlines, High level of participation in Computerised Reservation System, Various promotional schemes including corporate incentives etc.

* Cost control measures, Control of overtime, casual labour, hotel/ travel expenditure, crew lay over expenditure, freeze on recruitment unless absolutely necessary for operational reasons, Fuel monitoring and tankering, control on aircraft maintenance, Reduction in publicity and sales promotional expenditure, Review of uneconomic flights, Inventory management, Outsourcing of services to the extent feasible etc.

Financial accruals to AI through un-utilised bilateral sources

936. SHRI VIJAY J. DARDA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Air India earned substantial amount during 2000-2001 through the un-utilised bilateral sources;